

**Augusta Public Library
Augusta, Kansas**

Report on Agreed-Upon Procedures

December 31, 2019



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INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

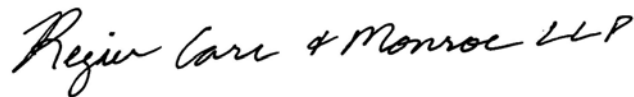
To the Board of Directors
Augusta Public Library, Augusta, Kansas

We have performed the procedures as referenced in the *Kansas Municipal Audit and Accounting Guide* (KMAAG), as reflected in the attached supplement, which were agreed to by the management of Augusta Public Library, Augusta, Kansas, a component unit of the City of Augusta, Kansas, on the compliance requirements of KMAAG for the year ended December 31, 2019. Augusta Public Library's management is responsible for the Augusta Public Library's records in accordance with KMAAG requirements. The sufficiency of these procedures is solely the responsibility of management. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are described in the attached supplement.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or a conclusion, respectively, on the records in accordance with KMAAG requirements. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the management of Augusta Public Library, board of directors and regulatory authorities, and is not intended to be and should not be used by anyone other than these specified parties.



March 27, 2020
Wichita, Kansas

SUPPLEMENT TO REPORT ON AGREED-UPON PROCEDURES
AUGUSTA PUBLIC LIBRARY
AGREED-UPON PROCEDURES AND FINDINGS

1. We tied the Augusta Public Library's (Municipality) total cash per books at year end to source documents which included a review of the bank reconciliation for the last month of the year.
 - a. **Enhanced Procedure.** In addition, to the testing discussed above, we confirmed bank balances and ensured that bank reconciliations are being approved and completed in a timely manner.

Of the 6 cash accounts, 6 cash accounts agreed to the reconciliations and/or bank statements and bank confirmations.

2. We reconciled the year-end cash balance as shown on the Statement of Cash Receipts and Cash Disbursements to: 1) demand deposits at the Municipality's official depository, 2) time deposits at the Municipality's official depository, 3) investments in U.S. Treasury bills; and other cash/investment accounts.

No exceptions were noted during procedures.

3. We used the last bank statement of the year to compare total deposits in excess of FDIC insurance to securities pledged to secure the excess deposits, as evidenced by joint custody receipts.
 - a. **Enhanced Procedure.** Confirm the pledged securities as of December 31, 2019 and determine they are adequately secured.

The procedure is not applicable for the Municipality as the cash balance at year-end was below the FDIC limit.

4. For the last bank statement of the year, we compared the name of the depository institution to an entry in the official minutes that designates the institution as the Municipality's official depository.

We compared the name of the depository institution to documentation signed by two board members designating the Municipality's official depository. Bank statements and documentation agreed without exception.

5. We selected two months and traced interest income from the bank statements to the Municipality's cash receipts records.
 - a. **Enhanced Procedure.** We expanded this testing to tie out total interest income per bank confirmations to the Municipality's general ledger.

Of the 2 months selected, 2 months of interest income from the bank statements agreed to the accounting records. The year to date interest earned on the bank confirmation agreed to the interest income per the Municipality's general ledger.

SUPPLEMENT TO REPORT ON AGREED-UPON PROCEDURES
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AGREED-UPON PROCEDURES AND FINDINGS

6. We selected two separate months and traced non-mail cash receipts from the receipt book to the bookkeeping records. We determined if the receipts were properly recorded. For the same two months, we traced bookkeeping entries for cash receipts to the bank statement to determine if receipts are deposited intact and on a timely basis.
- a. **Enhanced Procedure.** We expanded our testing for a minimum of four months. In addition to the two months discussed above, we also performed the procedures for the first and last month of the fiscal year.

Of the 70 cash receipts selected, 70 cash receipts were properly recorded and deposited intact and on a timely basis.

7. We selected approximately ten percent of the non-payroll cash disbursements and traced disbursements from the bookkeeping records to the: related invoice, bank statement, and canceled check.
- a. **Enhanced Procedure.** We expanded our testing to approximately fifteen percent of the nonpayroll cash disbursements.

Of the 27 cash disbursements selected, 27 cash disbursements agreed to supporting documentation, bank statements, and canceled checks.

8. We selected one month to compare the disbursements as recorded in the check register to an entry in the official minutes that approved the disbursements.
- a. **Enhanced Procedure.** We performed this testing for a minimum of two months.

The Municipality's policy is for the board of directors to approve nonrecurring expenditures over \$1,000. Of the 17 disbursements selected, all had proper approval, if necessary.

9. We examined evidence of selected encumbrances and accounts payable and determined if they had been properly stated in the financial statements as of the end of the year. Evidence of encumbrances included unpaid purchase orders and contracts. Evidence of accounts payable included unpaid invoices and receiving reports.
- a. **Enhanced Procedure.** In addition to the testing discussed above, we reviewed the approved expenditures per the minutes and expanded the search to the first two months of the new year.

Of the 7 invoices selected, 7 invoices were properly stated in the financial statements as of December 31, 2019. Of the 6 payroll related payables, 6 were properly stated in the financial statements as of December 31, 2019.

Of the 46 invoices paid in January and February 2020, 4 invoices appear to be expenses incurred in 2019 that were not included in encumbrances and accounts payable as of December 31, 2019. Two of the four invoices, totaling \$1,318, were not received by the outsourced accountant until after the 2019 books were closed. The other two invoices

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totaling \$1,274.96 were being recognized when bill was paid rather than when the expense was incurred.

We recommend encumbrances and accounts payable procedures be implemented and routinely applied to ensure appropriate cut-off and recognition.

10. We reviewed the credit card policy and internal controls of the Municipality. For a minimum of two months, we reviewed the Municipality's credit card transactions to determine if approvals, expenditure procedures, and proper classification of expenditures were followed. The following describes the credit card procedure, if the credit card procedures and internal controls are being followed, and if the Municipality's credit cards are only in the name of the Municipality.

The Credit Card Policy for the Municipality is as follows: The Municipality maintains two credit card accounts through the bank and one card through a local store. The cards are used for purchases such as online vendors like Amazon, for meal expenses or travel expenses at library sanctioned meetings and for local purchases of programming needs. The VISA cards are held by the library director and the adult services specialist; the Wal-Mart card is held by the library director. The director's card has a \$1,000 limit and the adult services specialist has a \$300 limit. Each of these staff members is responsible for maintaining accurate records of credit card purchases. The receipts are given to the library director to match with the credit card statement. The credit card balance is paid in full each month to avoid incurring interest charges.

Two months of credit card statements were viewed. All receipts were attached to the credit card statements. No exceptions were found with testing procedures and compliance with internal controls. All credit cards had credit limits consistent with the policy.

The two credit cards accounts have the staff member's name along with the Municipality's name. The store card is in the Municipality's name only.

11. We viewed selected payroll records for a minimum of one month and determined that proper deductions and employer contributions are being remitted.
 - a. **Enhanced Procedure.** We expanded testing to two months. In addition, we traced the year end payroll reports to the payroll register and general ledger to ensure proper reporting and remittance of payroll withholdings.

Of the 12 employee deductions, 12 deductions appear to be calculated and withheld appropriately and remitted timely. Of the 6 employer contributions, 6 contributions appear to be calculated in accordance with the supporting information and remitted timely. We agreed the amounts reported on the W-3 to the payroll register and general ledger with no exceptions.

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12. For the last month of the year, we reviewed the payroll records for each employee and determined if a deduction for KPERS (Kansas Public Employees Retirement System) was made.

We noted all eligible employees had a deduction for KPERS for the last month of the year.

13. We compared the following items in the current year financial statement to the same items in the prior year financial statement to determine if there was a variance of more than 25% per fund: 1) total cash receipts, 2) total cash disbursements, 3) encumbrances and accounts payable, and 4) ending unencumbered cash balance. For variances larger than 25%, we examined the variance and documented and reported on the reason.

In the general fund, the ending unencumbered cash balance increased by 26% due to more cash receipts than expenditures. In the capital improvement fund, the cash receipts decreased by 97% due to a transfer of funds at year-end of the previous year. The remaining variances were less than 25% per fund.

14. We selected two months and viewed the Municipality's month-end statement of cash receipts and cash disbursements and determined that the ending unencumbered cash balance is greater than or equal to zero.

a. **Enhanced Procedure.** Perform this testing for a minimum of three months.

We selected 3 months and verified the unencumbered cash balance was greater than zero.

15. We viewed the official minutes and determined that the minutes have been signed by the chairperson of the board of directors.

We viewed the 2019 minutes and noted minutes were signed by the secretary and the president.

16. We viewed the Municipality's surety (fidelity) bonds and determined that all employees and officers entrusted with funds or property are covered by such a bond.

We noted a surety bond was in effect for the year ended December 31, 2019 for notary public errors and omissions.

17. We reviewed the general and entity specific compliance checklists.

We completed the Kansas Regulatory Compliance Checklist for all Municipalities from the *Kansas Municipal Audit and Accounting Guide*. No instances of noncompliance were found during the procedures.

EL DORADO	PO BOX 847	EL DORADO, KS 67042-0847	316-321-1150
McALESTER	101 S. 2ND. STE. B	McALESTER, OK 74501-5345	918-426-1234
TUCSON	4801 E. BROADWAY BLVD., STE. 501	TUCSON, AZ 85711-3648	520-624-8229
TULSA	4200 E. SKELLY DR., STE. 560	TULSA, OK 74135-3209	918-494-8700
WAGONER	611-D W. CHEROKEE ST.	WAGONER, OK 74467-4618	918-485-5531
WICHITA	300 W. DOUGLAS AVE., STE. 900	WICHITA, KS 67202-2914	316-264-2335